

RECEIVED

AUG 8 - 2016

CLERK, U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY _____
DEPUTY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

FILED

2016 AUG 10 PM 12:44

CLERK, U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY _____
DEPUTY CLERK

UNITED STATES OF AMERICA,

Plaintiff,

v.

JOSEPH P. KARPOWICZ

Defendant.

SA 16 CR 0558 XR

CRIMINAL NO. 16-CR-

PROBABLE CAUSE AFFIDAVIT

I, **Jason Holt**, Special Agent with the United States Secret Service, do hereby state and depose as follows:

I am a Special Agent with the United States Secret Service, and have been so employed for over 13 years. I have conducted numerous investigations relating to criminal violations of federal law. My experience includes substantial involvement in the investigation of crimes including counterfeiting, mail fraud, wire fraud, and aggravated identity theft, among others. I am familiar with the case involving Joseph Karpowicz and Presidio Title and I have determined the following:

Presidio Title was a real estate title company located in San Antonio, Texas within the Western District of Texas. From October, 2006 through August 30, 2013, defendant Joseph P. Karpowicz was employed as the Chief Financial Officer of Presidio Title. In his capacity as CFO for Presidio Title, defendant Joseph P. Karpowicz had authority to create, issue, and sign checks drawn on Presidio Title's business bank accounts.. In his capacity as CFO for Presidio Title, defendant Joseph P. Karpowicz also had full access to Presidio Title's Quickbook records. Presidio Title's business bank accounts were held at Texas Capital Bank, a federally insured financial institution located in San Antonio, Texas within the Western District of Texas. Defendant Joseph P. Karpowicz had personal bank accounts at federally insured financial institutions U.S. Bank and Broadway Bank.

From on or about April 27, 2010 to on or about June 20, 2013, in the Western District of Texas the defendant, Joseph P. Karpowicz did knowingly devise and intend to devise a scheme and artifice to defraud Presidio Title and to obtain money and property from such victim in the amount of approximately \$367,309.00 by means of false and fraudulent

pretenses, representations, and promises. It was a part of the scheme and artifice to defraud that: 1) defendant Joseph P. Karpowicz fraudulently issued and signed certain legitimate Presidio Title business checks made payable to either Bank of America or U.S. Bank; 2) defendant Joseph P. Karpowicz mailed the fraudulently issued and signed legitimate Presidio Title business checks to either Bank of America or U.S. Bank in payment of defendant Karpowicz's own personal credit card bills; 3) for each fraudulently issued and signed legitimate Presidio Title check, defendant Joseph P. Karpowicz manually created materially false entries such as "Underwriting Fees" or "Office Supplies" into Presidio Title's Quickbook records to hide his fraudulent conduct; 4) defendant Joseph P. Karpowicz then utilized U.S. Bank Card checks and Bank of America self-checks to transfer and deposit these embezzled funds into his personal Broadway Bank accounts.

On October 22, 2015, the United States Secret Service (USSS) was contacted by the founder and owner of Presidio Title, San Antonio, Texas to request assistance in an investigation regarding unauthorized theft from a bank account held by Presidio Title. USSS Special Agents interviewed the owner as well as the new Chief Financial Officer of Presidio Title. Secret Service learned that Presidio Title conducts all of its operational banking through Texas Capital Bank (TCB), which is located in the Western District of Texas. Through the course of its regular business activity, Presidio Title utilizes a bank account #XXXX 488 with TCB as its operational business account. Using this account, Presidio Title would make payments for services rendered, pay expenses and purchase supplies/equipment.

According to the owner, between April 30, 2010 and August 31, 2013, a total of 47 unauthorized checks were used to withdraw funds from Presidio Title's TCB bank account #XXXX488 totaling approximately \$367,309.00. All 47 of these checks bear the signature of defendant "Joseph P. Karpowicz," who was an authorized signer on the account at the time. Presidio Title's owner, at no time, authorized Karpowicz to issue or execute the 47 checks which are the subject of the instant affidavit. Karpowicz was employed as the Chief Financial Officer of Presidio Title from October 2006 through August 2013 but when he left Presidio Title his embezzlement scheme had not yet been discovered.

In 2015, the new Chief Financial Officer of Presidio Title conducted a review of the company's Operational Account #XXXX488 with TCB and the manual journal entries associated with that account. The new CFO stated that from February 2015 through October 2015 was a very busy period for the business. He explained when work subsided he decided to search for manual journal entries from the Operational Account. The new CFO printed out a "Find Report," which listed all manual journal entries posted to the Operational Account during Karpowicz's tenure. He observed immediately that there were multiple entries that stated "Underwriter Fees". The new CFO explained that three things looked immediately suspicious. First, Underwriter Fees are paid from the Escrow Accounts not the Operational Account, so the account should not have been used. Second, there was no description under the memo section to explain why the

manual entry was posted. And third, the multitude of entries in whole dollar denominations in Conger's opinion and experience were unusual.

The review revealed that these manual journal entries were fictitious and were posted to conceal the real transactions, which were checks deposited to an unknown US Bank account, and subsequently deleted out of QuickBooks. The new CFO stated, for example, if he found a check for \$10,000 dollars made payable to US Bank, then there would be a series of manual journal entries in whole dollar denominations totaling \$10,000. Secret Service was provided with a copy of a list of checks received by US Bank and copies of the checks which totaled approximately \$320,554.15.

Presidio Title's owner advised that while Karpowicz was employed with Presidio Title, Karpowicz was the only employee who had access to the Presidio Title QuickBooks software account. The new CFO explained that in order to sign onto the computer, a user name and password are required, and then to access the QuickBooks software, another user name and password are required. Only Karpowicz had access to Karpowicz's computer. The owner, at no time, authorized Karpowicz to manipulate the QuickBooks software entries or the manual journal entries associated with the 47 unauthorized checks Karpowicz wrote to himself.

According to US Bank records, US Bank, through its mail processing center located at P.O. Box 790408, St. Louis, MO, 63179-0408, account number XXXX6265 under the names of Joseph P. Karpowicz (and another person) received the 40 deposits totaling \$320,554.15 on or between December 31, 2010 and August 31, 2013, from checks written on Presidio Title's Texas Capital Bank (TCB) account #XXXX488 from December 27, 2010 through June 20, 2013. The fraudulent Presidio checks were mailed by defendant Karpowicz to his own US Bank credit card account.

In the course of the investigation, USSS conducted an interview with the Legal Records Coordinator, US Bank (USB). The checks were received by USB via mail at U.S. Bank, Mail Processing Center, P.O. Box 790408, St. Louis, MO, 63179-0408 as payments to account #XXXX6265 in the account titled Joseph P. Karpowicz (and another person). US Bank routinely creates an image of the credit card coupon and accompanying checks as proof US Bank received the credit card payment. The Secret Service was provided with paper images of the recorded transactions requesting the checks be deposited into account XXXX6265. The deposit date and Lockbox number where each check was deposited in the Mail Processing Center were also provided.

After depositing the \$320,554.15 into his US Bank Account (including the checks in Counts One and Two of this Information), defendant Karpowicz used \$318,321.00 from that amount to create USB Bank Card Checks that were deposited into his Broadway bank account. Defendant Karpowicz acted with the specific intent to defraud. A number of USB Bank Card Checks were created from account # XXXX6265 made payable to J.P. Karpowicz and bearing the signature Joseph P. Karpowicz as seen on

Joseph Karpowicz's Broadway Bank signature card.

According to Broadway Bank records, deposits with Bank Card Checks from account # XXXX6265 were placed into Broadway Bank accounts #XXXX1041 and #XXXX1048, which were in the names of Joseph P. Karpowicz (and another person).

According to Broadway Bank records, check #727 listed in Count Three drawn from BB account #XXXX1041, in the name of Joseph P. Karpowicz, was made payable to Ancira Nissan, in the amount of \$27,593.99 on July 27, 2012 with the memo section notating "purchase Nissan P/U". Karpowicz conducted this monetary transaction for the truck, a 2012 Nissan Frontier, VIN #1N6AD0EV6CC458977, which was purchased with criminally derived proceeds of his own mail fraud scheme. The transaction to purchase a truck by and through a federally insured financial institution affected interstate commerce. The criminally derived proceeds were from his mail fraud, which constitutes a specified unlawful activity under Title 18 United States Code Section 1957. Defendant Karpowicz fraudulently caused a loss of \$367,309.00 through his mail fraud scheme which employed the use of false material representations in Presidio's Quickbooks.

On or about January 24, 2013, in the Western District of Texas, defendant Joseph Karpowicz, for the purpose of executing the aforementioned scheme and artifice to defraud and attempting to do so, did knowingly cause a fraudulent check # 9679 for \$10,467.00 made out to U.S. Bank drawn on a Texas Capital Bank Presidio Title business account to be deposited for mail delivery by the U.S. Postal Service to be sent and delivered to a particular address in Saint Louis, Missouri, from San Antonio, Texas, according to the directions thereon. On or about July 27, 2012, in the Western District of Texas, the defendant, Joseph Karpowicz, knowingly engaged in and attempted to engage in a monetary transaction by, through, or to, financial institution Broadway Bank, affecting interstate commerce, in criminally derived property of a value greater than \$10,000.00; that is, a \$27,593.99 check made payable to Ancira Nissan, such property having been derived from a specified unlawful activity (mail fraud). Karpowicz committed the crimes of Mail Fraud and Engaging in Monetary Transactions Derived from Specified Unlawful Activity in violation of Title 18, United States Code, Section 1957.

On or about August 1, 2016, defendant Joseph Karpowicz signed a plea agreement containing the above facts in its agreed factual basis. Defendant Karpowicz intends to plead guilty to an Information charging him with violations of Title 18 U.S.C. 1341 and Title 18 U.S.C. Section 1957. The information and plea agreement are filed together with this probable cause affidavit to facilitate the paperwork necessary to accomplish said plea of guilty.

The evidence in my investigation also showed, as alleged in Count Two of the Information, on or about February 21, 2013, in the Western District of Texas, the defendant, Joseph P. Karpowicz, for the purpose of executing the aforementioned scheme and artifice to defraud and attempting to do so, did knowingly cause a check # 9752 for \$10,467.00

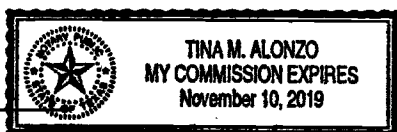
made out to U.S. Bank drawn on a Texas Capital Bank Presidio Title business account to be deposited for mail delivery by the U.S. Postal Service to be sent and delivered to a particular address in Saint Louis, Missouri, from San Antonio, Texas, according to the directions thereon in violation of Title 18, United States Code Section 1341.

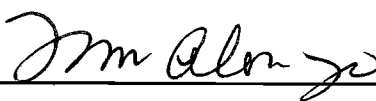
The foregoing is true and correct to the best of my knowledge, information and belief.



JASON HOLT
United States Secret Service

SUBSCRIBED TO AND SWORN BEFORE ME on this the 8th day of August, 2016.





Notary Public
State of Texas

Probable Cause Found

X

No Probable Cause Found

DATE:

8/10/2016



HENRY J. BEMPORAD
UNITED STATES MAGISTRATE JUDGE